

# FOUNTAINREPORT

MARKET INTELLIGENCE FOR LEADERS IN ANIMAL HEALTH  
SINCE 2002

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The *Fountain Report* is a weekly subscription service provided by Antelligence. Its comprehensive in-depth news and quantitative data have been guiding decision making for executives in the business of animal health since 2002.



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# A new approach to affordable care

**Half of America's pets live in limited-income households. It will take a team approach to ensure they have access to adequate veterinary care.**

PetSmart Charities has been working for nearly 20 years to make basic veterinary care more accessible to people who can't afford the gold standard. But it's become clear that even as PetSmart and other charitable groups invest millions of dollars to expand affordable care, it couldn't possibly meet the need that exists in the United States.

"We've realized that's not enough, and that alone will never get us there," said Aimee Gilbreath, president of PetSmart Charities.

As the magnitude of need has become clear—it would cost billions of dollars each year to ensure all U.S. pets get even the most basic care—Gilbreath and her colleagues have begun taking a new approach.

Rather than relying just on low-cost vaccine and spay and neuter clinics, they want to include traditional clinics in the effort. Gilbreath believes that if more practices offer a range of services with more affordable options, and if traditional clinics partner with low-cost providers and charities like PetSmart, this ecosystem of services could ensure access to care for all pets, no matter their owners' income.

## The challenge

About 50% of the U.S. pet population lives in households with annual income of \$55,000 or less, Gilbreath's

team found when analyzing data from the AVMA, the Census Bureau and other sources. She presented these findings at this summer's Veterinary Innovation Summit. That's about 70 million pets in households with limited income, often with multiple family members, even as the cost of veterinary care rises.



"I think that that's a segment of the population that a lot of businesses, and the veterinary industry in particular, are not used to serving," Gilbreath told the Fountain Report. "Those are not the folks that are coming into the clinics."

Often, these pet owners seek basic services from affordable spay and neuter clinics and vaccine providers that charities like PetSmart help fund. This is better than nothing, Gilbreath said, but it's not considered "adequate" care: These pets, which account for about 30% of the U.S. pet population, often don't get important vaccine boosters, preventive care or treatment for health conditions.

## Highlights:

- It would take billions of dollars to ensure all U.S. pets have access to even the most basic care, and charitable organizations have a limited budget for grants.
- A "spectrum of care approach" could ensure more pets have access to care, offering more affordable options aside from the gold standard that still lead to good outcomes.
- Implementing this approach in practice will require research and collaboration among traditional veterinary clinics, affordable clinics, charities and other stakeholders.

Plus, Gilbreath's team found there's still a quarter of the pet population receiving no care at all. This gap is due to several reasons. For example, there's only a limited number of spay and neuter clinics. Pet owners are limited not just by income, but by other factors that are often linked to income, like geographic and language barriers.

It would cost \$20 billion a year to ensure all pets in the country have access to adequate care, Gilbreath's team found—services like wellness appointments, vaccine boosters and basic treatment when they're sick.

PetSmart and other major charitable organizations like the ASPCA and Petco Love have a combined annual grant budget of about \$125 million.

"That was the cold water that had our internal team realize, 'Okay, wait, we need a very different approach,'" Gilbreath said. "Because

just subsidizing clinics is never going to close that gap.”

To fill the gap, Gilbreath is now advocating for an approach to veterinary medicine called “spectrum of care.”

## A solution

The spectrum of care model emphasizes that in addition to the gold standard treatment, a range of alternative—and more affordable—treatment options exist that can still lead to a good outcome for the pet.

“I’m convinced that many existing veterinary practitioners are already doing that every day,” Gilbreath said, including private practices, nonprofit clinics and subsidized clinics. Many full-service clinics operate in mixed-income communities and likely offer clients affordable treatment options, she said. Her team wants to find those clinics so they can learn strategies that work and challenges practitioners face when offering a spectrum of care model. This could help other practices implement their own similar services.

The spectrum of care approach hasn’t traditionally been taught in veterinary schools, Gilbreath noted, although universities like Ohio State and Colorado State have recently started including it in veterinary students’ training.

It can be difficult for doctors to offer treatment that brings in limited revenue when many have acquired hundreds of thousands of dollars in debt for veterinary school. But practices don’t have to shoulder all the burden. It will require multiple players, Gilbreath said, including traditional practices, spay and neuter clinics, charities, universities and other industry members.

She pointed to Los Angeles’ network of spay and neuter clinics as one example of this collaboration. She sat on the board of Spay Neuter Project of Los Angeles, a high-volume clinic whose care evolved to meet the needs of its community: It began as just a spay and neuter clinic, then added vaccinations, and eventually began offering basic wellness care like skin and dental treatment, as well as end-of-life counseling and euthanasia.

Throughout this period, the organization has kept the cost of services down. When clients come in whose pets need a higher level of care, they’re referred to full-service clinics. Conversely, when clients visit full-service clinics in the area but could benefit from more basic, lower-cost services instead, those clinics refer them to clinics like this one.

Gilbreath also pointed to pyometra treatment as an example of how some clinics have successfully offered lower-cost services. Pyometra is a life-threatening uterine infection in pets, which has traditionally been treated with surgery, inpatient monitoring and administration of medications. The intensive treatment regimen can run to more than \$3,000.

But it’s possible a more limited treatment regimen that costs far less could still lead to good outcomes. Anecdotally, Gilbreath said, she’s seen community clinics offer effective pyometra treatment for \$750, sometimes less.

## Next steps

Gilbreath emphasized that she and her team don’t have all the answers. They’re just beginning their research

to try to learn how the veterinary profession can implement new, more affordable treatment approaches while ensuring veterinary practitioners can bring in enough income to support themselves.

As part of this work, she hopes to hire someone (and is searching for candidates) to fill a new director of veterinary affairs position at PetSmart Charities. The ideal candidate will have experience in a shelter or other affordable care setting, as well as private practice, so they understand multiple service models.

She’s looking for industry members who are interested in helping expand access to affordable pet care, and she’s looking for those who are already doing it. Readers can contact her at [agilbreath@petsmartcharities.org](mailto:agilbreath@petsmartcharities.org).

PetSmart Charities will continue distributing the grants it’s long distributed to enable greater access to care for more pet owners. “But we’re going to start doing so much more,” Gilbreath said. “Because we realized that that is a thousand-year path to solving the problem, and we’re not willing to wait a thousand years.”



**Aimee Gilbreath** is the president of PetSmart Charities and PetSmart Charities of Canada. She previously served as executive director of

the Found Animals Foundation Inc., a nonprofit supporting pet owners and animal welfare organizations. There, she spearheaded activities for the foundation’s more than 1,000 business-to-business clients and 5 million business-to-consumer customers nationwide. Her professional experience spans industries such as biotech, consumer goods and philanthropy.

# What can the veterinary profession learn from the pandemic?

By Karen E. Felsted

About six weeks ago, I gave a talk at the Western Veterinary Conference titled “Preparing for the Next Pandemic.” The title certainly implied we were over the COVID-19 pandemic and had figured out the lessons; that’s what the WVC team and I thought when we decided on the session topic well over a year ago.

Of course, surprise surprise, the pandemic is still dragging on, though we’re clearly seeing a return to normalcy. And while we don’t have the end of the story yet, we definitely have some clear take-home messages.

The biggest issues practices are dealing with now are employee-related, particularly issues related

## Highlights:

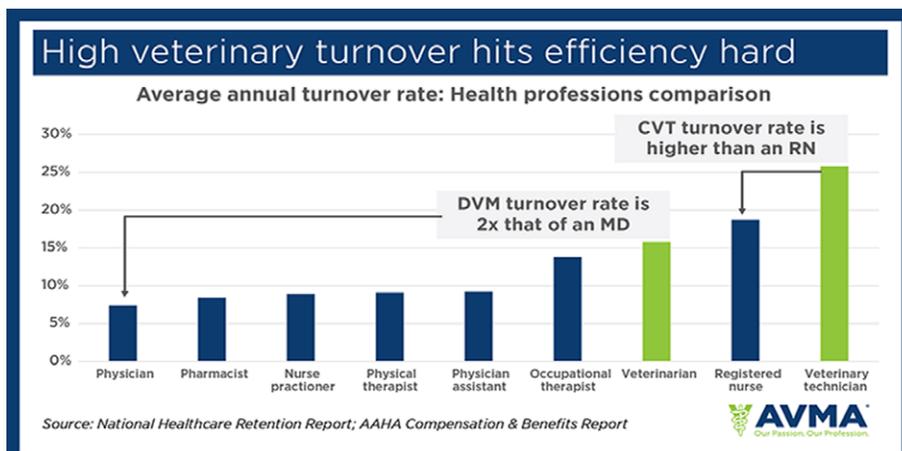
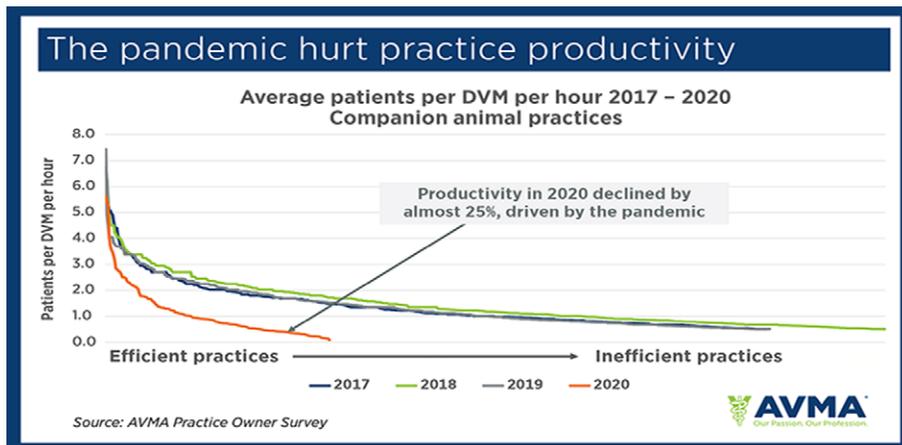
- Practices are dealing with a drop in productivity and higher employee dissatisfaction as the pandemic drags on.
- With high numbers of employees leaving their jobs, the candidate pool is bigger and better.
- But practices have to be prepared to meet the expectations of prospective employees, not just in terms of pay but workplace environment too.

to a drop in productivity, difficulty hiring, increased burnout and employee dissatisfaction, and ongoing mental health challenges.

Many practices have been extremely busy over the last year, and while some of this is due to increased demand, average revenue growth across the board for 2020 doesn’t appear to have been much higher than in 2019. If busyness isn’t because of demand, what’s causing it?

The biggest issues appear to be a decline in employees or employee hours, as well as a decline in productivity. According to data provided by the AVMA, the average number of patients seen per veterinarian per hour declined nearly 25% in 2020.

This decline in productivity is multifactorial. Changes in workflow, cleaning procedures and other protocols are significant factors, as well as clinics’ attempts to do more with fewer employees or employee hours.



Turnover in the veterinary profession is also clearly higher than in other fields, according to the AVMA.

Because of these issues, many veterinary team members are simply worn out from work and the strain of dealing with the pandemic in both their personal and professional lives. Team members who have been willing to do what it takes to serve clients during the pandemic may not be able, or willing, to do that forever. Practices are actively trying to hire but having very limited success.

Most of these issues aren't unique to veterinary medicine. There's huge upheaval now in labor markets across the board. The time period encompassing the pandemic has been termed the "Great Resignation"—google it, the term is everywhere—due to the large number of people leaving their jobs.

The trend has been most pronounced in the tech and health care industries, including veterinary medicine. These are fields that have experienced extreme demand during the pandemic.

While the high rate of resignation is clearly a negative trend, the silver lining is that candidate pools are bigger and better. They comprise not only those people who have already quit, but those who are quietly thinking about it. But it means management teams are going to have to create an environment that makes people want to work at their practice and design compensation and benefits packages that are attractive to the people they want to hire.

What we think is fair, what we've done in the past and what has

worked in the past won't be enough in the future. Hiring quickly is also essential. As one tech CEO recently **wrote in Forbes**, "Recruit at warp speed, and be prepared to pay."

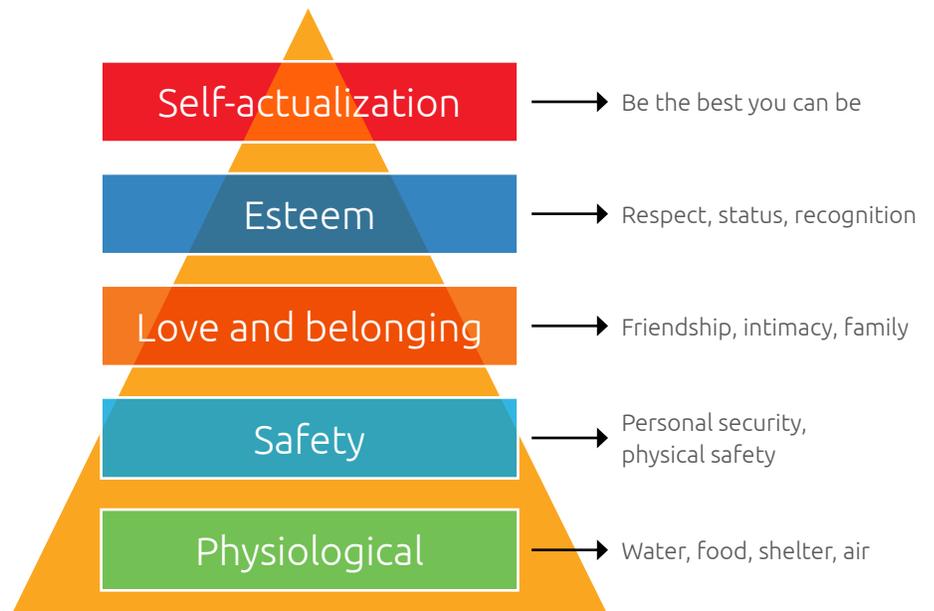
This time has also been called the Great Reshuffle, as employees change jobs and careers. Most want and need to work, but they don't want to do what they have done previously. The pandemic has opened their eyes to the necessity of not taking life, including work, for granted. This means practices must create a culture that's as attractive to potential employees as the compensation package.

Remember Maslow's hierarchy of needs? (see below)

Employees' desires for their workplaces have changed. A compensation package that only provides for the bottom two levels is no longer enough. They want financial rewards and a company culture that allows them to move up the hierarchy of needs.

Flexibility is key to keeping a varied cohort of individuals happy. This means flexibility in compensation, work hours, communication styles and job roles.

It's a changing world. Practices that choose not to adapt will find it harder to attract both the employees and the clients they want. Practice owners will also find it harder to sell their practices in the future.



**Dr. Karen E. Felsted** is a veterinarian and the founder of veterinary industry consulting company **PantheraT**. A certified veterinary practice manager, Felsted is a member of the Veterinary Economics Editorial Advisory Board and has served on the board of VetPartners, the CATalyst Council and the CVPM Board of Directors. She received the Western Veterinary Conference Practice Management Continuing Educator of the Year award in 2011 and the VetPartners Distinguished Life Member Award in 2014.

# Veterinarians choose Covetrus over Chewy

Doctors still prefer Covetrus over Chewy to manage prescriptions, a survey shows, and Guggenheim's analysts think that likely won't change soon.



Guggenheim Partners surveyed 80 veterinarians to hear their thoughts on macro trends, new pharmaceutical and diagnostic products, online pharmacy and insurance.

"Our checks suggest that the death of veterinary prescription management is likely exaggerated," David Westenberg, Guggenheim's vice president of equity research, wrote in a follow-up report.

"Secondarily, we continue to find growth in diagnostics and insurance," Westenberg said. "Finally, labor, a supply limiter, will probably be less of a drag as prices increase."

Here are key findings from the survey:

**Covetrus.** The company's VetsFirstChoice service continues

to be an important, high-margin business while seemingly continuing to entrench itself with veterinarians. Seventy-five percent of the business's customers consider it a means of defending prescription revenue from going outside their clinics.

We continue to view VFC as a market share leader, with almost half the veterinarians in the survey reporting it's their prescription management option of choice. While we think it's unlikely the 40%+ growth the business saw during the pandemic will continue, we do view it as an important component for veterinarians and a high-margin opportunity for Covetrus.

**Covetrus getting "Chewed" up is likely exaggerated.** Plenty of veterinarians have Petscriptions, but few even know they have it. Most say they will only use it reluctantly, and many said they would push Covetrus's option over Chewy.

Forty percent of survey respondents said they tell pet owners using Chewy to use their online pharmacy.

**Heska has a good position.** Eleven percent more veterinarians than prior to the pandemic said they were using more diagnostics in clinic now than sending out to reference labs. We also found low levels of resistance to contracts versus what we expected.

The innovative fecal opportunity has not been widely penetrated by competition, and we view more in-clinic diagnostics as favoring Heska.

**Price can probably offset labor.**

We were concerned about labor shortage effects on the supply of veterinary care. But we think the survey shows pricing will likely cover increased wages to help supply veterinary care.

We don't believe manufacturers will see the pricing benefits. In fact, pricing effects on volumes are likely a tiny negative (tiny because we view veterinary medicine as mostly price inelastic).

**Other takeaways.** Zoetis' Trio is seeing good traction, and the cat pain opportunity looks robust. The good news for Elanco is that Zoetis' pain medication for dogs likely won't be at the expense of Galliprant. Insurance continues to see increasing penetration among veterinarians.

## BY THE NUMBERS

# VetWatch

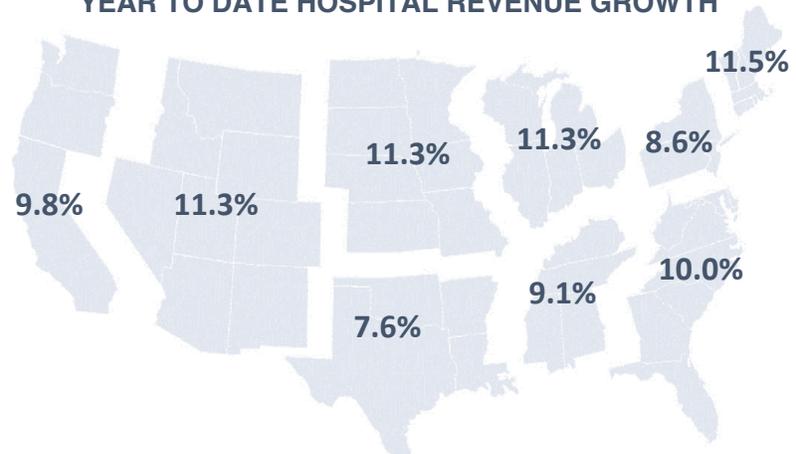
VetWatch shares key findings with the Fountain Report through its weekly Vet Watch report on revenue growth, vaccine purchases and other metrics reported across the more than 32,000 practices and shelters in the Animalytix Marketplace. Metrics are compiled by Tim Witt, commercial director at Animalytix/DVMetrics.

Full commentary for the week is available at [vetwatch.com](http://vetwatch.com).

### Key findings for the week ending October 16, 2021

- Revenue growth for the week was 9.8% year-to-date net growth versus comparable growth in 2020 for the roughly 4,000 practices tracked by VetWatch. Reported growth was notable in the New England division at 11.5% year-to-date, down 0.2% from last week's position.
- Purchases of surgical suite consumables, which serve as a proxy for incidence of surgical procedures, decreased 0.2% from the prior week but was still strong at 12.8% growth YTD.
- Core and lifestyle canine and feline vaccine practice purchasing was down 0.2% from the prior week, at 14.4% growth YTD nationally. Annual core and lifestyle vaccine purchases were selected as the principal metric given 50% or more of annual visits to a veterinary practice are associated with administration of these products.
- Growth in kennel cough vaccine purchases, which provides a measure of pet mobility, increased to 13.7% last week, a 0.1% increase over the prior week's results.
- Overall growth of parasiticide purchases was 0.1% higher than

### YEAR TO DATE HOSPITAL REVENUE GROWTH



### ROLLING 3-WEEK AVERAGE HOSPITAL REVENUE GROWTH

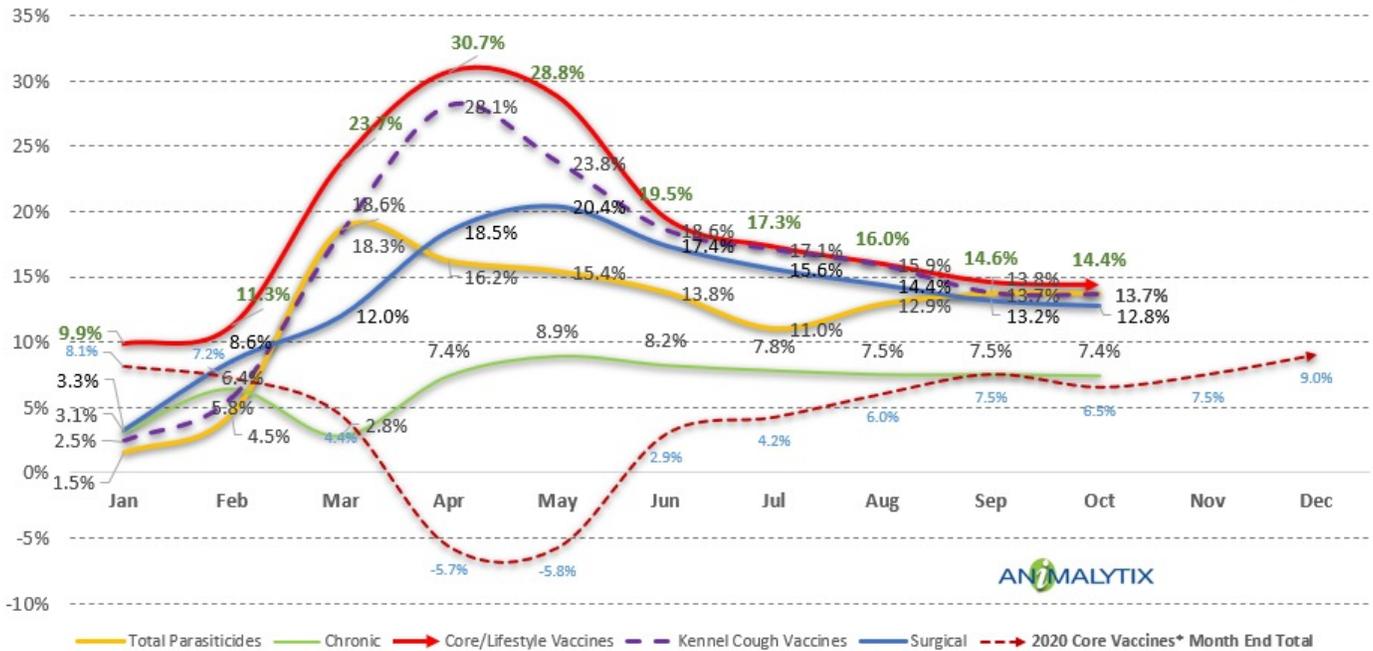


the previous week and robust at 13.7% growth YTD.

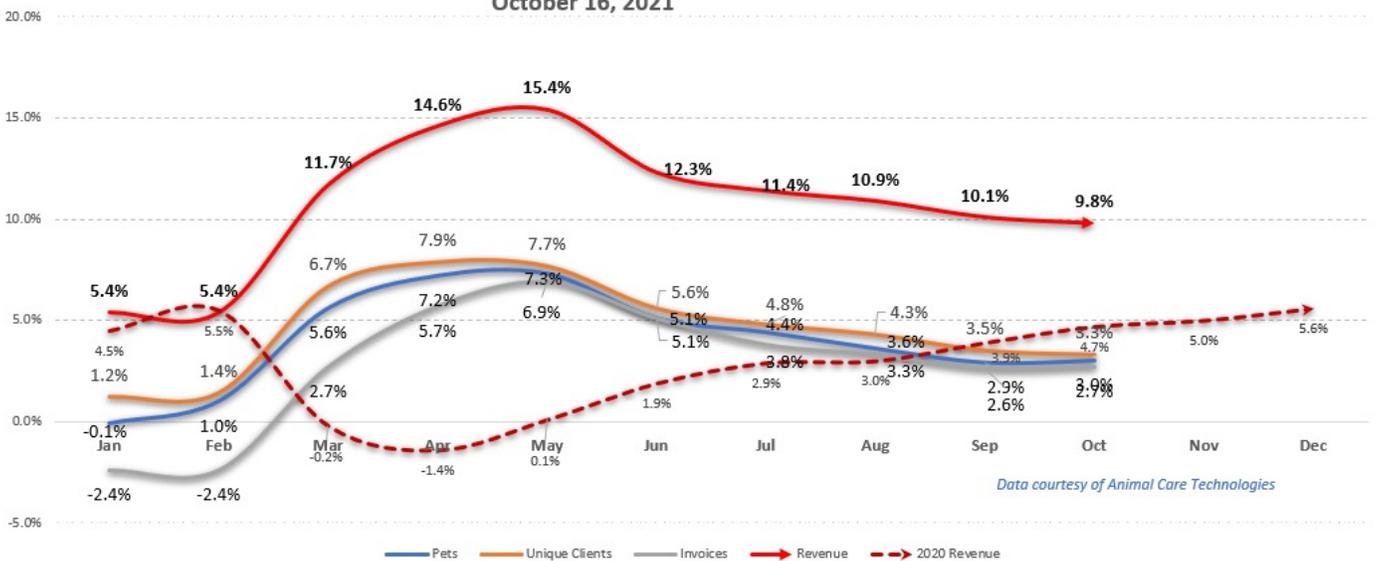
- Rolling three-week average revenue growth across all divisions dropped to -2.0%. Three divisions ended positive with eight showing positive movement over the previous week. The South Atlantic division

was notable at 1.5%, up 0.7% compared to the previous week. This metric is designed to provide a view of relative robustness of growth trends (i.e., market velocity) for each reporting zone. A positive value indicates rolling revenue growth versus the prior year's comparable reported three-week period.

**YEAR TO DATE PURCHASE GROWTH SUMMARY vs Prior YR FOR 32,000+ PRACTICES & SHELTERS**  
**October 16, 2021**



**YEAR TO DATE HOSPITAL & PATIENT TRENDS vs PRIOR YR FROM Animal Care Technologies**  
**October 16, 2021**



*Data courtesy of Animal Care Technologies*

**VetWatch** was launched in May 2020, led by Animalytix, which has teamed up with NAVC, Animal Care Technologies, Circa Healthcare, M/A/R/C Research, Cleveland Research and Packaged Facts, along with our sponsors. The goal of VetWatch is to deliver the critical information needed by practices and those supporting the veterinary profession to better assess the scope, velocity and significance of developments in the veterinary care sector across the United States. For the full report, please visit [www.vetwatch.com](http://www.vetwatch.com).

# Animal Health M&A Transactions

## October rolling mergers

Boehringer Ingelheim and Invetx have formed a **collaboration agreement** to develop species-specific monoclonal antibody therapeutics initially focused on dogs and cats.

Global Food and Ingredients has **acquired** a pet food ingredient production facility in Canada, and has created its new plant-based pet food ingredients business unit.

JAB is expanding its presence in the pet health care industry with the **acquisition** of two large pet insurers:

U.K.-based Cardif Pinnacle and Chicago-based Figo Pet Insurance.

JBS USA subsidiary Swift Prepared Foods is **acquiring** Sunnyvalley Smoked Meats, a producer of smoked bacon, turkey and ham, for \$90 million.

Swedencare **acquired** Fulfillment Advantage Ventures Inc., a business-to-consumer logistics company focused on home delivery and fulfillment services for the pet industry, in a \$4.75 million cash and stock deal.

United Raw Pet Foods, a majority-owned subsidiary of Dane Creek Capital Corp., has **acquired** Pets West Pets & Supplies, a specialty retail store in Canada.

Zomedica has **acquired** Pulse Veterinary Technologies, a maker of electro-hydraulic shock wave technology, for \$70.9 million in an all-cash and stock transaction.

## September rolling mergers

ADM has **agreed** to acquire a 75% ownership stake in four pet treat and supplement companies: PetDine, Pedigree Ovens, The Pound Bakery and NutraDine, together known as P4 Companies.

Chevron U.S.A. and Bunge North America have **announced** a memorandum of understanding for a proposed 50/50 joint venture to help meet demand for renewable fuels and to develop lower carbon intensity feedstocks.

Dechra has **acquired** the veterinary marketing and distribution rights to the ProVet APC and ProVet BMC systems from Hassinger Biomedical.

Elanco Animal Health said it has **completed** its acquisition of Kindred Biosciences in a deal valued at approximately \$440 million.

ICU Medical has **agreed** to acquire the Smiths Medical division from Smiths Group. Smiths will receive 2.5 million newly issued shares of ICU Medical common stock,

currently valued at approximately \$500 million, and \$1.85 billion in cash, along with ICU Medical assuming certain liabilities.

IVC Evidensia, the world's second-largest owner of veterinary clinics, is moving into North America with the **acquisition** of Canada-based veterinary practice group VetStrategy for an undisclosed amount.

Kansas City Southern said it's **chosen** a merger offer from Canadian Pacific over Canadian National in a deal that would create the first railroad to connect North America. Canadian Pacific offered about \$29 billion for Kansas City Southern in March.

Lakeside Foods Inc., a maker of frozen and canned foods, is **purchasing** Cher-Make Sausage Co., allowing Lakeside to enter a new product category.

Manna Pro Products, a maker of pet care and nutrition products, is **acquiring** online pet brand Dinovite. Manna Pro Products has been acquiring online brands as part of what it says is an "omnichannel transformation."

Mars has **agreed** to acquire cat litter company PrettyLitter, reportedly planning to pay between \$500 million and \$1 billion for the direct-to-consumer subscription brand.

Medivet: CVC Capital Partners has **acquired** a majority stake in Medivet in a deal reportedly worth more than 1 billion pounds sterling.

Midmark has **acquired** Shor-Line, a 74-year-old manufacturer of animal cages and veterinary tables. Shor-Line, officially named Schroer Manufacturing Co., also specializes in scales, surgery tables, anesthesia machines and lights.

Neogen has **acquired** Atlanta-based CAPInnoVet, a maker of companion animal parasite defense medications. This acquisition will help Neogen enter the more than \$12 billion retail parasiticide market.

Petmate, a maker of pet products sold through retailer partners, has been **acquired** by Platinum Equity.

Prelude Dynamics, a clinical software company that develops products for animal and human health researchers, has been **acquired** by private equity firm Canela Capital.

Tofurky is **partnering** with Triton Algae Innovations to bring algae-based meat analog products to market. Products from the partnership are expected to come to retail stores in the first quarter of 2022 and be co-branded.

Vaxxinova **purchased** Newport Laboratories, a manufacturer of custom-made cattle and swine vaccines, from Boehringer Ingelheim.

Virbac said it's **purchased** a further 15% of the shares of the Chile-based Centrovvet group, in a \$17.7 million transaction that increased its stake to 66%.

WATT Global Media is **acquiring** Feed & Grain magazine and its associated assets from IDEAg Group LLC, an affiliate of the American Farm Bureau Federation.

Wind Point Partners: FoodScience LLC, a portfolio company of Wind Point Partners, **announced** the acquisition of Pet Tech Labs, a contract manufacturer of animal nutritional supplements based in Syracuse, Nebraska.

Westminster Pet Products plans to **acquire** Pet 'n Shape, a maker of pet treats and chews made with natural ingredients. AUA Private Equity Partners is acquiring Pet 'n Shape on behalf of Westminster, an AUA portfolio company.

Worldwise Inc., a maker of pet supplies, has been **acquired** by Alvarez & Marsal Capital Partners, a private equity fund that acquired Worldwise together with affiliated A&M Capital Opportunities fund.

Zooplus **confirmed** it's in discussions about a possible takeover with the financial investor KKR. This comes after Zooplus last month **said** its board had agreed to a 3 billion euro (\$3.56 billion) takeover by U.S. private equity firm Hellman & Friedman.

# Stock Tracker

Company	Close 12-31-20	Close 10-21-21	YTD
S&P 500	3,756.07	4,550	793.71
Dow Jones Industrial Average	30,606.48	35,603.08	4,996.60
NASDAQ	12,888.28	15,215.70	2,327.42

Company	Symbol	Exchange	Close 12-31-20	Close 10-21-21	YTD	Market Cap
Amazon	AMZN	NASDAQ	3256.93	3435.01	178.08	1.740T
Amerisource Bergen	ABC	NYSE	97.76	122.71	24.95	25.50B
Better Choice Company	BTTR	NYSE	7.20	4.04	<b>-3.16</b>	119.5M
Beyond Meat	BYND	NASDAQ	118.10	108.62	<b>-9.48</b>	6.871B
Central Garden & Pet	CENT	NASDAQ	38.61	49.49	10.88	2.530B
Chewy	CHWY	NYSE	89.89	65.50	<b>-24.39</b>	27.36B
Colgate	CL	NYSE	82.35	74.89	<b>-7.46</b>	63.17B
Covetrus	CVET	NASDAQ	28.74	20.30	<b>-8.44</b>	2.794B
Elanco	ELAN	NYSE	30.67	33.60	2.93	15.89B
Freshpet	FRPT	NASDAQ	141.99	154.51	12.52	6.700B
General Mills	GIS	NYSE	58.80	62.49	3.69	37.85B
Heska	HSKA	NASDAQ	145.65	235.51	89.86	2.520B
Idexx	IDXX	NASDAQ	499.87	645.24	145.37	54.89B
Immucell	ICCC	NASDAQ	5.95	9.33	3.38	72.23M
JM Smucker	SJM	NYSE	115.60	121.80	6.20	13.20B
Merck	MRK	NYSE	81.80	81.17	<b>-0.63</b>	205.5B
Neogen	NEOG	NASDAQ	39.65	41.34	1.69	4.444B
Patterson	PDCO	NASDAQ	29.63	31.99	2.36	3.113B
Petco (public 1/14/21)	WOOF	NASDAQ	29.40	23.71	<b>-5.69</b>	7.162B
PetIQ	PETQ	NASDAQ	38.45	25.00	<b>-13.45</b>	733.4M
PetMed Express	PETS	NASDAQ	32.06	26.93	<b>-5.13</b>	548.0M
Phibro	PAHC	NASDAQ	19.42	22.41	2.99	907.7M
Pilgrim's Pride	PPC	NASDAQ	19.43	29.05	9.62	7.079B
Tractor Supply	TSCO	NASDAQ	140.58	210.42	69.84	24.06B
Trupanion	TRUP	NASDAQ	119.71	109.76	<b>-9.95</b>	4.416B
Tyson	TSN	NYSE	64.03	81.19	17.16	29.62B
Walmart	WMT	NYSE	146.53	146.81	0.28	409.4B
Zoetis	ZTS	NASDAQ	165.50	206.82	41.32	98.87B
Dechra	DPH.L	LSE	3552.00	5140.00	1588.00	5.556B
Vetoquinol	VETO.PA	Paris	85.60	144.20	58.60	1.706B
Virbac SA	VIRP.PA	Paris	243.00	386.50	143.50	3.265B

# 1.0 – Company activity

## 1.1 BASF and Cargill expand animal nutrition partnership

Feedstuffs; October 20, 2021

BASF and Cargill are expanding their partnership in the animal nutrition business, adding research and development capabilities and new markets to their existing feed enzymes and distribution agreements. According to the announcement, the goal “is to bring farmers feed innovations that reduce nutrient waste, improving feed efficiency, and promote animal growth and well-being.” “Through joint solutions, we will further increase the value creation opportunities in the enzymes space,” said Julia Raquet, senior vice president of BASF animal nutrition & aroma ingredients. [feedstuffs.com](https://www.feedstuffs.com)

## 1.2 JAB acquires two large pet insurers, signaling big plans in the animal insurance industry

Thomas Buckley; Bloomberg; October 19, 2021

JAB is acquiring two large pet insurers in the United Kingdom and Chicago, as the company seeks to become a major player in the animal insurance industry, Thomas Buckley reports. The company said it’s taken a majority stake in Cardif Pinnacle, a pet insurance-focused subsidiary of BNP Paribas SA, and it’s buying Chicago-based Figo Pet Insurance LLC, for undisclosed prices. The company when entering the pet insurance industry used a strategy similar to the one it used when

consolidating the coffee industry: JAB acquired Independence Holding Company’s pet insurance arm earlier this year through a vehicle named Iguana Capital to conceal its identity. It’s also making its move into pet insurance with an already-established pet care division, running 1,400 veterinary hospitals and clinics in multiple countries through companies such as Compassion-First Pet Hospitals and National Veterinary Associates. Most of a \$6 billion fund JAB finished raising last year will be dedicated to the veterinary sector, and the company plans to spend a significant portion of a new \$5 billion fund on growing those assets and building a global leader in pet insurance, said senior JAB partner David Bell. [bloomberg.com](https://www.bloomberg.com)

## 1.3 JBS USA subsidiary Swift Prepared Foods acquires California smoked meat producer

Chris Casey; Food Dive; October 18, 2021

Swift Prepared Foods, a subsidiary of JBS USA, is acquiring Sunnyvalley Smoked Meats for \$90 million. Sunnyvalley produces smoked bacon, turkey and ham for retail and wholesale customers. It has gross annual revenue of \$150 million and employs more than 300 people. The purchase includes Sunnyvalley’s Manteca, California, production facility. Bill Andreetta, president and founder of Sunnyvalley, will continue to lead the business. The acquisition gives Swift Prepared Foods, which specializes in private-

label and branded packaged meats, an expanded geographic footprint in the smoked segment, as demand for bacon and other pork products rises during the pandemic, Chris Casey writes for [Food Dive](https://www.fooddive.com).

## 1.4 Petco Pet Wellness Council gets three new members

Pet Product News; October 13, 2021

Petco has added three new members to the Petco Pet Wellness Council, a coalition of experts who help guide company and industry education efforts. The new additions, which bring total council membership to 11, include Dr. Raymond Anthony, an ethics adviser to the AVMA’s Animal Welfare Committee and a member of the AVMA’s Panel on Euthanasia; Dr. La’Toya Latney, a professor of zoological and companion animal medicine at the University of Pennsylvania; and Dr. Kemba Marshall, director of veterinary services at the Land O’Lakes Purina Animal Nutrition Center. [petproductnews.com](https://www.petproductnews.com)

## 1.5 Puris doubles pea protein production capacity with new facility for Puris Proteins, a joint venture with Cargill

Monica Watrous; Food Business News; October 13, 2021

Puris has opened a new facility in Minnesota, more than doubling its production capacity for pea protein, Monica Watrous reports. The facility was retrofitted from an existing dairy plant and is expected to add

nearly 100 new jobs. The site will support continued growth for Puris Proteins, a joint venture between Puris and Cargill, and it will enable the companies to supply roughly half of North America's pea protein. Cargill has invested more than \$100 million in the venture to support construction of the 200,000-square-foot facility and to expand capacity at Puris' Wisconsin facility. Puris has the only vertically integrated, multi-plant pea protein production model in the United States.

[foodbusinessnews.net](http://foodbusinessnews.net)

### **1.6 The EVERY Company, previously Clara Foods, launches animal-free egg white protein**

Meredith Johnson; WattAgNet; October 18, 2021

The EVERY Company, previously Clara Foods, this month launched the EVERY ClearEgg, which is marketed as the first animal-free egg white protein. The product comes in a powder form and can be solubilized or included in a company's existing product, Meredith Johnson writes. The product will be referred to as "non-animal egg white protein" on a products ingredient label. It will also be considered GRAS (generally recognized as safe) by the FDA due to the absence of genetically modified yeast in the final product. The EVERY

ClearEgg will be sold globally by Ingredion. [wattagnet.com](http://wattagnet.com)

### **1.7 United Raw Pet Foods, a Dane Creek subsidiary, acquires Canada-based pet supplies retailer Pets West**

Pet Product News; October 18, 2021

United Raw Pet Foods, a majority-owned subsidiary of Dane Creek Capital Corp., has acquired Pets West Pets & Supplies, a pet specialty retail store in Canada. Pets West is a full-line retailer offering a range of food and supplies for dogs, cats and exotic animals. While specific terms weren't announced, the purchase price "represents approximately 0.45 times expected revenue for the current fiscal year ending Jan. 31, 2022," according to the announcement.

[petproductnews.com](http://petproductnews.com)

### **1.8 VetPawer introduces scheduling software that helps clients over the phone**

VetPawer; October 2021

VetPawer has introduced the Automated Virtual Assistant—AVA—a software that provides voice-automated scheduling assistance to clients who call the veterinary clinic. When the client calls the clinic to schedule an appointment, AVA interacts with the

client to find an open appointment that works for them. AVA writes the appointment directly into the practice management software with no human interaction. While online scheduling is becoming more popular, the vast majority of veterinary appointments are still made over the phone, according to VetPawer. That makes this service a potentially valuable way to save staff time on scheduling and allow them to focus more on clients in the office. [vetpawer.com](http://vetpawer.com)

### **1.9 Zoetis announces Robert J. Polzer as president of research and development**

Zoetis; October 18, 2021

Zoetis announced the appointment of Robert J. Polzer as executive vice president and president of research and development at the company, effective January 1, 2022. Polzer currently serves as senior vice president of global therapeutics at Zoetis. He joined the company in 2015 after spending more than 20 years in R&D leadership roles at Pfizer. He'll succeed the current executive vice president and president of R&D, Dr. Catherine Knupp, a veterinarian who will remain head of R&D until she retires at the end of the year.

[news.zoetis.com](http://news.zoetis.com)

## **2.0 – General industry, public policy and politics**

### **2.1 Early bird registration for VMX 2022 ends November 1**

NAVC; October 2021

Early bird registration for NAVC's 2022 VMX event ends November 1. The event takes place January 15-19, and the current discounted

attendance rate is \$200. Registrants can choose to attend in-person or virtual, or get "all-access." [navc.com](http://navc.com)

## 2.2 Technician utilization and self-care are key themes during National Veterinary Technician Week

AVMA press release; PR Newswire; October 15, 2021

The veterinary profession is focusing this week's National Veterinary Technician Week on self-care. The National Association of Veterinary Technicians in America has created [wellness resources](#) for technicians, and the AVMA has additional [tools](#). According to the 2021 AVMA Report on the Economic State of the Veterinary Profession, there's a clear link between practice revenue and technician utilization, and also between technicians' job

satisfaction and use of the skills they acquire during their education. "Effective utilization of veterinary technicians includes assigning them skilled tasks like calculating the dose for a patient's injectable medication or providing counseling about common behavioral problems in a dog or cat," said AVMA President Dr. José Arce. "When we're using veterinary technicians to their full capabilities, it drives practice efficiency, job satisfaction and well-being for everyone on the veterinary health care team."

[prnewswire.com](http://prnewswire.com)

## 2.3 Veterinary students can apply for \$2,000 scholarship from Zoetis

Zoetis; October 18, 2021

A Zoetis-funded program will provide second- and third-year veterinary students in the United States and the Caribbean \$2,000 scholarships for the 2022-2023 academic year. The grants will be distributed by the American Association of Veterinary Medical Colleges. Students can apply [online](#) through December 2, and the winners will be announced at the 2022 SAVMA Symposium in March 2022. [zoetis.com](http://zoetis.com)

# 3.0 - Companion animal market

## 3.1 Commentary: Pets should be recognized as a public health strategy, says HABRI president

Commentary by Steven Feldman; Roll Call; October 18, 2021

As research emerges showing the benefits pets have on human health, programs and policies should begin recognizing pet ownership as a public health strategy, Steven Feldman, president of the Human Animal Bond Research Institute, writes in this commentary. "We've progressed from a sense that pets are just 'fun' to recognizing that pets support positive changes in mental health, address significant medical conditions and promote social connection," Feldman says. "Studies even show that pets have

the power to lower the cost of health care and strengthen the social fabric of towns and cities throughout the United States." These findings and others indicate "engagement with pets" should be promoted as a wellness strategy at the same level as nutrition, exercise, smoking cessation and other public health priorities, Feldman writes in [Roll Call](#).

## 3.2 As Chewy and other companies try to expand their pet pharmacies, they'll need buy-in from veterinarians

Jinjoo Lee; The Wall Street Journal; October 13, 2021

While large companies like Chewy are trying to build a stake in the

pet health care industry by selling medications, they have to rely on veterinarians to write the prescriptions—and veterinarians often rely on their own in-clinic pharmacies for a quarter of their revenue, data shows. This means Chewy, Petco and PetMed Express risk resistance from veterinarians who don't want their clients to go elsewhere for medicines. Future federal policy changes could limit doctors' ability to keep their clients in the clinic, and a lawsuit between Covetrus and veterinary software providers could also affect market dynamics. Still, Chewy's growth in the industry will depend on getting some buy-in from veterinarians. Initiatives like the company's new Practice Hub—which allows

veterinarians to launch an online pharmacy on Chewy's website—could be one avenue to get that buy-in, Jinjoo Lee writes in [The Wall Street Journal](#).

### **3.3 From dog training on Zoom to telemedicine, the pandemic has changed the pet care industry**

John Hanc; The New York Times; October 19, 2021

The pandemic has changed the dynamics of the multibillion-dollar pet care industry, John Hanc writes. “For the average consumer who needs help with house training and learning basic commands, Zoom has really opened the door for trainers to change the way they work,” said Mark Bennett, a certified dog trainer who offers virtual sessions through his business, Brooklyn's Finest Dog Training, out of his cabin in upstate New York. Sarah Todd, who runs a New York boarding and training program, nearly had to close her business last year. But people are traveling once again, and many new pet owners are returning to work, leaving behind pets who aren't used to being alone. “I'm getting a lot of people calling me and saying, ‘I'm going to get kicked out of my apartment if the dog doesn't stop barking,’” Todd said. Telemedicine was useful for veterinarians at the height of the pandemic, said AVMA President Dr. José V. Arce, who said he thinks telemedicine will become more common in veterinary practices as younger veterinarians enter the profession and the range of available technologies expands. [nytimes.com](#)

### **3.4 A new tool helps clinics improve employee recruitment**

iVET360; October 19, 2021

A new tool from practice management services company iVET360 aims to help veterinary practices recruit new employees. The [Recruiting Tool Kit](#) is a series of articles, templates and how-to guides created by iVET360's human resources and training team and is free to all veterinary practices, according to the company. This follows a survey released by iVET360 in September, in which recruitment was cited as the biggest challenge facing hospitals. [ivet360.com](#)

### **3.5 Non-veterinary pet services took a hit during the pandemic, but they'll recover: Packaged Facts**

Pet Product News; October 19, 2021

Non-veterinary pet services were hit hard during the pandemic, with boarding and pet sitting suffering the most, according to Packaged Facts. In 2020, those two travel-related pet service segments dropped 45% in the case of boarding and 35% for pet sitting and walking. The overall non-medical pet services sector dropped 22% to \$8.1 billion. David Lummis, lead pet market analyst at Packaged Facts, said the sector showed “relative resilience” due to “the strong momentum that pet services carried into the pandemic.” Other factors expected to drive sales include the “pets-as-family” mentality, brick-and-mortar retailers' increased service offerings and the fact that upper-income households tend to drive spending

in the pet industry. According to Packaged Facts, the sector will also benefit from a pet acquisition increase during the pandemic. [petproductnews.com](#)

### **3.6 Some dogs show human-like ADHD behaviors, study finds**

Alexandra Larkin; CBS News; October 15, 2021

Some dogs exhibit behaviors that closely resemble ADHD in humans, a recent study found. Researchers say the findings, based on a study of more than 11,000 dogs, provide hope for better treatments for both dogs and humans, Alexandra Larkin reports. The research team, based in Helsinki, Finland, examined dogs of different breeds, asking owners behavioral questions based on human ADHD research. Hyperactivity, impulsivity and inattention were found to be more common in young dogs and male dogs, matching observed demographics in humans, they said. They also found that dogs who stayed at home alone daily were more hyperactive, impulsive and inattentive than dogs who spent more time with their owners or weren't alone. [cbsnews.com](#)

### **3.7 'Upcycling' could be good for pet food, but only if customers get onboard**

Tim Wall; Petfood Industry; October 19, 2021

“Upcycling” is a new word, but the pet industry has been doing it for a long time, Tim Wall writes: using existing ingredients, especially otherwise discarded foods like

misshapen vegetables, to make pet food. But consumers often assume these items are low-quality. “It’s now time to start figuring out how we can start reframing customer perceptions,” Alex Waite, co-founder of Shameless Pets, said during a presentation at Petfood Forum 2021. “Thinking that co-products are not nutritious solutions for companion animal nutrition, it’s not only inaccurate, but it ignores the opportunity to improve the sustainability of our food system while adding value back into otherwise wasted ingredients.” The Upcycled Food Association has developed a certification program to standardize upcycled foods, which pet food companies can

pursue by meeting certain criteria. [petfoodindustry.com](https://www.petfoodindustry.com)

### **3.8 Veterinarian retention is the top issue facing the equine sector, international leaders say**

Huw Griffiths; Veterinary Practice; October 19, 2021

The British Equine Veterinary Association’s president, Huw Griffiths, shares the top issues that came up at BEVA’s recent international presidents’ meeting. The meeting brought together, virtually, equine sector representatives from nearly 30 countries. The top issue attendees discussed was the challenge of veterinary retention. “Most countries found that the desire to

train and become an equine vet was still present, albeit in lower numbers; however, their retention was the real problem,” Griffiths writes. Particularly concerning is the departure of veterinarians from the equine sector from two to seven years after receiving their qualification. Some transition to small animal medicine, and others simply leave the profession because they want a better salary or are burned out. Other issues discussed at the meeting were a medication shortage in Europe and debates over the role horses should play—for example, is it appropriate to use horses for work? [veterinary-practice.com](https://www.veterinary-practice.com)

## **4.0 - Food animal market**

### **4.1 China reports highest Q3 pork production in three years as hog herd recovers from African swine fever**

Dominique Patton; Reuters; October 17, 2021

China recently reported its highest third-quarter pork production in three years. This comes after producers built thousands of large breeding farms last year to repopulate the hog herd, which was dented by African swine fever, Dominique Patton reports. Pork output for July through September was 12.02 million metric tons, up 43% compared with a year earlier, Reuters calculated using official data. This was the highest level since the

third quarter of 2018, before the disease hit. It was lower than the 13.46 million metric tons produced during the second quarter of 2021, defying expectations by some analysts. The spike in pork production was led by the largest producers, who invested billions of yuan in new farms during 2020 in an effort to increase market share following the ASF epidemic.

[reuters.com](https://www.reuters.com)

### **4.2 Brazil partially halts beef production as China’s export ban continues**

Reuters; October 20, 2021

Brazil’s agriculture ministry has told local meatpackers to halt beef

production intended for export to China, since China still hasn’t lifted an export ban imposed in early September, a Brazil-based newspaper reported. Following existing trade protocols between the two countries, the suspension was implemented after Brazil confirmed two atypical cases of mad cow disease. Brazil has decided to partially halt production because China is taking too long to lift the ban, the Brazilian newspaper O Globo reported, citing the agriculture ministry. According to the report, the ministry has temporarily allowed beef processors to store for up to 60 days meat produced before China’s suspension was enacted. [reuters.com](https://www.reuters.com)

### 4.3 Industry groups call for the confirmation of Biden's pick for chief agricultural negotiator

Jacqui Fatka; Feedstuffs;  
October 20, 2021

A coalition of 170 U.S. food and agriculture industry members are calling for the quick confirmation of Elaine Trevino, President Joe Biden's nominee to serve as chief agricultural negotiator at the Office of the U.S. Trade Representative, Jacqui Fatka reports. A [letter](#) from the coalition to the Senate Finance Committee cites Trevino's strong familiarity with the industries through work such as her current job as president of the Almond Alliance of California, her previous role as California's deputy secretary of agriculture and as a current member of USDA's Agriculture Policy Advisory Committee. "She understands the critical need to open and maintain foreign market access and reduce barriers for U.S. food and agriculture workers and exporters for the benefit of consumers in the U.S. and across the globe," said the letter, which said Trevino will be well-equipped to address trade issues with Mexico, China and the European Union.

[feedstuffs.com](#)

### 4.4 How telemedicine could help the livestock sector during an African swine fever outbreak

Jennifer Shike; AgWeb;  
October 19, 2021

COVID-19 and the threat of African swine fever have made telemedicine much more appealing for veterinary care in the livestock sector, experts

say, but it won't necessarily see quick uptake. "There is definitely a 'breaking old habits' factor that we have run into when vets are used to sending texts, doing FaceTime over the phone—that is a change in behavior which falls on the shoulders of vets to say they are switching over to a more formalized approach to telemedicine," said Gil Patterson, a veterinarian and chief medical officer at veterinary technology company VetNOW. Patterson offered five ways telemedicine could help during an African swine fever outbreak, from facilitating a rapid response to allowing information to be shared among state and federal labs.

[agweb.com](#)

### 4.5 Industrial farming operations could be reservoirs of new infectious diseases, scientists warn

John Vidal; The Guardian;  
October 18, 2021

At least eight avian flu variants are circulating in factory farms around the world, with the potential to infect and kill humans, John Vidal writes. And while large farming operations are considered vital sources of the protein that feeds the world's population, scientists warn that these poultry and livestock farms also serve as vectors for new diseases that could lead to future pandemics. "Blaming migratory waterfowl...is clearly no longer a tenable position," said Rob Wallace, a virologist who says new strains of flu are adapting to industrial poultry production. "Influenza's infiltration into industrial livestock and poultry is so

complete that these farms now act as their own reservoirs [of disease]," he said. Sam Sheppard, a Bath University biologist, said overuse of antibiotics, overcrowding and genetic similarity between animals could allow pathogens to mutate, spread and jump to humans.

[theguardian.com](#)

### 4.6 Farmers worry John Deere strike could worsen equipment shortage

Phil McCausland; NBC News;  
October 19, 2021

Quality farm equipment is becoming hard to find during a supply chain shortage, and some farmers are worried the problem could worsen after 10,000 John Deere workers went on strike last week, Phil McCausland reports. "They're already low on inventory and parts right now," said Eric Hopkins, senior vice president of Hundley Farms. "A strike is only going to exacerbate things, make it worse. If it lasts for a while, not only will they not have new tractors, but when you have a breakdown and there's no parts, your tractor is just going to sit there not being able to harvest or plant a crop." It's uncertain how long the strike could last and how much it could slow down Deere. The company said it had a continuity plan in place, bringing in salaried nonunion workers to maintain some production. [nbcnews.com](#)

#### **4.7 Scaled back climate legislation should still include incentive programs for farmers, House members say**

Chuck Abbott; Successful Farming; October 19, 2021

As lawmakers scale back President Joe Biden’s “Build Back Better” bill, two Democrats on the U.S. House Agriculture Committee are urging continued funding for voluntary USDA-sponsored climate-smart agriculture programs. The bill was expected to include \$28 billion for climate mitigation by farmers, ranchers and foresters, including a \$5 billion initiative to encourage planting of cover crops. Representatives Chellie Pingree of Maine and Abigail Spanberger of Virginia wrote in a letter to House Speaker Nancy Pelosi and Senate Majority Leader Chuck Schumer that farmers and producers must be included in efforts to reduce carbon emissions and sequester carbon. Dozens of farm, environmental and alternative energy groups also urged Pelosi and Schumer to endorse a House Agriculture Committee proposal for \$2.55 billion over 10 years to expand the Rural Energy for America Program, Chuck Abbott reports for [\*\*Successful Farming\*\*](#).

#### **4.8 Livestock producers will be important in the effort to reduce methane emissions, says UC Davis professor**

Drovers; October 14, 2021

A University of California, Davis professor says producers can be valuable players in the effort to reduce methane emissions from the livestock sector. “Do not view methane as a liability,” said UC Davis professor Frank Mitloehner. “View it as an opportunity.” Speaking at the university’s 9th Henry C. Gardiner Global Food Systems Lecture, Mitloehner focused on reducing methane emissions in livestock operations, including beef, dairy, pork and poultry. He noted that a decade ago, the United States had approximately 25 million dairy cows. Now, there are about 9 million that continue to produce the same amount of dairy products but with lower methane emissions. “What is needed is a new Green Revolution,” he said. “If we don’t do that, we will fail to meet the demand to feed 9.6 billion people by the year 2050.”

[\*\*drovers.com\*\*](#)